

**Notice to company pursuant to s 249P of the Corporations Act 2001 (CA)**

I/we ..... [name of 'shareholder']

of .....

..... [address]

identified by the Holder Identification Number (HIN) or Shareholder Reference Number (SRN) ..... [HIN or SRN]

in respect of any holding of the shareholder's Whitehaven Coal Ltd ('WHC', 'Whitehaven' or 'the company') ordinary fully paid shares;

hereby request (in accord with section 249P of the CA) that the company give to all members in the notice of general meeting the following statement about the resolution to adopt the company's Remuneration Report pursuant to s 250R(2) of the CA, which will be moved at the next general meeting.

**SIGNED**

..... (Signature of individual Shareholder <sup>†</sup> /company director)	..... (Signature of second shareholder in a joint holding/for a company second director or company secretary)
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† Or sole company director and sole company secretary. JOINT HOLDING: For a holding in more than one name all shareholders must sign)

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**Statement regarding resolution to adopt Remuneration Report**

Shareholders are urged to vote against Whitehaven Coal Ltd's (Whitehaven) remuneration report, as the remuneration structure still incentivises coal production growth in a manner that significantly exacerbates transition risk exposure and is inconsistent with the company's stated support for the climate goals of the Paris Agreement.<sup>1</sup>

Overwhelming scientific evidence demonstrates that meeting the goals of the Paris Agreement requires no new or expanded thermal or metallurgical coal mines,<sup>2</sup> yet Whitehaven incentivises the pursuit of new coal projects far more than industry peers. Remuneration plays a key role in influencing company priorities, and is therefore a vital tool for investors looking to shape company strategy to address climate risk. *Whitehaven cannot manage its transition risk while providing incentives to increase it.*

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1 <https://whitehavencoal.com.au/wp-content/uploads/2023/09/Whitehaven-Coal-Sustainability-Report-2023.pdf> (p 22)

2 <https://www.iea.org/reports/world-energy-outlook-2023>; <https://productiongap.org/2023report/>; <https://www.ipcc.ch/assessment-report/ar6/>

### At odds with investor expectations and peers

Whitehaven states its remuneration policy is designed to align with shareholder interests.<sup>3</sup> However, Whitehaven has repeatedly ignored shareholder discontent over its strategic direction, particularly in relation to climate change and executive remuneration as evidenced by recent votes:

- In 2021, 54% of shareholders voted against the company's remuneration plan.
- In 2022, 21% of shareholders voted for the company to disclose plans to manage down coal production in line with a net zero emissions by 2050 scenario, and a similar resolution attracted an 18% vote in 2023.
- In 2023, 41% of shareholders voted against the company's remuneration plan, 39% voted against the equity grant for CEO Paul Flynn, and 25% voted against the reelection of non-executive director Raymond Zage.

Whitehaven's remuneration structure is also out of step with other pure-play and diversified coal miners. Whitehaven's FY2024 scorecard weights explicit production metrics at 11.8% of total remuneration, compared to a peer average of 2%. When adding metrics relating to the delivery of major coal growth projects, this jumps to 24.9% or five times the peer average of 5%.<sup>4</sup>

This emphasis has also significantly increased over time. The combined weighting has more than tripled from 7.3% in FY20.

Of particular concern is the 17% weight afforded to the "long-term growth projects measure", which incentivises progression of long-lived growth projects that face serious transition risk. Ultimately, the five-year vesting period for performance rights is short when seen against the long life of these growth projects, such as the proposed Winchester South open-cut coal mine in Queensland's Bowen Basin, which would operate for 30 years.

Whitehaven also remains firm in keeping total shareholder return (TSR) metrics out of the scorecard. By contrast, pure-play coal miner Stanmore Resources weights TSR metrics at 19% of total remuneration, while for diversified miner BHP it is 32%.

Whitehaven justifies the absence of TSR with the fact that its leadership holds significant shares, but this is a false logic. Formalising shareholder returns as a strategic priority provides investors with confidence that the company is considering transition risk when deciding whether to proceed with its expansion plans, which are the largest of any coal miner in Australia.<sup>5</sup> In the face of those risks, delivering new coal projects is not a reliable marker of success.

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<sup>3</sup>

<https://cdn-api.markitdigital.com/apiman-gateway/ASX/asx-research/1.0/file/2924-02841673-2A1542460&v=fc9bdb61fe50ea61f8225e24ce041a0e155a9400> (p 27)

<sup>4</sup>

<https://www.marketforces.org.au/wp-content/uploads/2024/07/Investor-update-Coal-Growth-At-All-Costs-Whitehavens-Flawed-Remuneration-Policy-new-metrics-June-2024.pdf> (p 7)

<sup>5</sup> Market Forces analysis of company disclosures and regulatory filings.

## Inconsistent with climate pathways

The International Energy Agency reiterated in the 2023 update to its net zero roadmap that reaching net zero emissions by 2050 requires no new coal mines or expansions.<sup>6</sup>

Similarly, the latest Intergovernmental Panel on Climate Change (IPCC) report highlighted that about 80% of coal reserves cannot be extracted and burned if we are to limit warming to 2°C, and significantly more reserves must remain in the ground to limit warming to 1.5°C.<sup>7</sup>

In stark contrast, Whitehaven's expansion plans would result in its coal production increasing by over 80% by the mid-2030s.<sup>8</sup> The company's aggressive coal growth portfolio includes:

- Blackwater South (greenfield), 90 year life
- Blackwater North (brownfield), 60 year life
- Winchester South (greenfield), 30 year life
- Vickery (greenfield), 25 year life
- Narrabri Stage 3 (brownfield), 13 year life
- Maules Creek extension (brownfield), 11 year life

These long-life projects would lock in substantial transition risk. The total cost of these projects over the next ten years would be at least AU\$6 billion.<sup>9</sup> The portfolio is highly vulnerable to even slight shifts in production costs or coal prices. Just a small deviation in coal prices (~1% p.a. real long term) from current industry price forecasts would cut net present value (NPV) in half. Similarly, a five-year increase in production costs of 2% p.a. above inflation - half the historical rate - would cut NPV by two-thirds.<sup>10</sup>

While Whitehaven presents its transformation into a metallurgical coal miner as a diversification strategy,<sup>11</sup> this does not reduce risk given that the transition away from metallurgical coal is well underway:

- Electric arc furnaces (EAF) are set to account for over 36% of global steel capacity in 2030, just below the IEA Net Zero-aligned target of 37%.<sup>12</sup>
- A recent survey of 500 large investors showed that 68% anticipate a transition from the use of metallurgical coal in steelmaking, and 80% believe that the commodity's risk profile will increase over the next decade.<sup>13</sup>

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<sup>6</sup>[https://iea.blob.core.windows.net/assets/13dab083-08c3-4dfd-a887-42a3ebe533bc/NetZeroRoadmap\\_GlobalPathwaytoKeepthe1.5CGoalinReach-2023Update.pdf#page=16](https://iea.blob.core.windows.net/assets/13dab083-08c3-4dfd-a887-42a3ebe533bc/NetZeroRoadmap_GlobalPathwaytoKeepthe1.5CGoalinReach-2023Update.pdf#page=16)

<sup>7</sup> [https://www.ipcc.ch/report/ar6/syr/downloads/report/IPCC\\_AR6\\_SYR\\_LongerReport.pdf#page=24](https://www.ipcc.ch/report/ar6/syr/downloads/report/IPCC_AR6_SYR_LongerReport.pdf#page=24)

<sup>8</sup> Market Forces projection assuming all listed projects proceed. Managed basis including full-year production from Blackwater and Daunia.

<sup>9</sup> <https://www.marketforces.org.au/campaigns/companies/whitehaven-coal/>

<sup>10</sup>

<https://www.marketforces.org.au/wp-content/uploads/2024/07/Whitehaven-Coal-Investor-Update-Market-Forces-July-2024-1.pdf>

<sup>11</sup>

[https://whitehavencoal.com.au/wp-content/uploads/2023/10/WHC\\_Acquisition\\_of\\_Daunia\\_and\\_Blackwater\\_mines\\_presentation.pdf](https://whitehavencoal.com.au/wp-content/uploads/2023/10/WHC_Acquisition_of_Daunia_and_Blackwater_mines_presentation.pdf) (p 20)

<sup>12</sup> <https://globalenergymonitor.org/report/pedal-to-the-metal-2024/>

<sup>13</sup> <https://www.accr.org.au/research/ahead-of-the-game-investor-sentiment-on-steel-decarbonisation/>

- Additionally, major Australian banks have introduced restrictions around lending to new metallurgical coal projects<sup>14</sup> and metallurgical coal companies<sup>15</sup>.

In order to meet investors' growing expectations to closely align corporate strategy with global climate goals, Whitehaven must stop incentivising its executives to pursue new coal projects. With almost no changes made to the scorecard despite a strike against the remuneration report last year, investors are urged to vote for a second strike. We also urge investors to vote against the reelection of Mark Vaile and Fiona Robertson in their capacity as members of the remuneration committee.

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<sup>14</sup>

[https://www.westpac.com.au/content/dam/public/wbc/documents/pdf/aw/sustainability/Climate\\_Change\\_Position\\_Statement\\_and\\_Action\\_Plan.pdf](https://www.westpac.com.au/content/dam/public/wbc/documents/pdf/aw/sustainability/Climate_Change_Position_Statement_and_Action_Plan.pdf) (p 8)

<sup>15</sup>

<https://www.nab.com.au/content/dam/nab/documents/reports/corporate/supplementary-climate-disclosures.pdf> (p 4)

<https://www.commbank.com.au/content/dam/commbank-assets/investors/docs/results/fy24/CBA-2024-Climate-Report.pdf> (p 58)